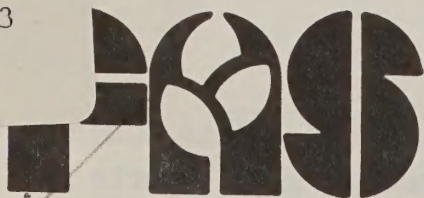


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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 30-82

WASHINGTON, July 28--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

The CANADIAN Wheat Board recently signed a new 3-year wheat trading agreement with Brazil calling for annual sales of between 1.0 and 1.5 million tons during 1983-85. The existing 3-year agreement, which expires this year, was for 500,000 to 800,000 tons. The increased quantity is expected to displace potential wheat sales from other origins, including the United States. A 3-year credit backed by the Canadian government is an important element of the agreement. Given Brazil's depleted foreign exchange reserves, credit sales will likely be favored by the Brazilians in place of cash offers from other suppliers such as the United States. In addition, the increase in the Canadian minimum agreement quantities comes in a year when overall Brazilian wheat import requirements are expected to drop by about 500,000 tons because of an improved crop and reduced domestic consumption subsidies.

Increased wheat commitments to Brazil are part of Canada's overall export expansion effort. Supply agreements have become a vital part of this program aimed at moving 30 million tons of Canadian western grain and oilseeds into export channels by 1985/86. Recently, the renegotiated Canadian-Chinese grain agreement raised shipment levels from 2.8-3.5 million tons to 3.5-4.2 million. The Canadian-Soviet agreement requires at least 4.5 million tons of Canadian grain to be shipped in 1982/83, or 500,000 tons more than the minimum stipulated for 1981/82. A renegotiated Canadian-Algerian supply agreement raised shipment requirements from the previous 350,000-500,000-ton range to 500,000-700,000 tons with the option of an additional 100,000 tons. Canadian agreement commitments for the 1982/83 season have been increased about 2-3 million tons.

MEXICO purchased 405,000 tons of U.S. sorghum on July 23 for September, October and November delivery. Mexico bought a similar quantity in May. These sorghum purchases were anticipated because of feed shortages experienced by Mexican mixed feed operations and a reduced spring-summer sorghum crop. Mexico is expected to import about 900,000 tons of sorghum, mainly from the United States and Argentina, during the October/September 1981/82 marketing year. Some additional Mexican sorghum purchases could occur before the end of this calendar year, depending on the outlook for the crop to be harvested this fall. Sorghum imports for feed are preferred over corn imports, although corn imports could result from a poor domestic crop outlook and/or a world price relationship heavily favoring corn.

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OILSEEDS AND PRODUCTS

DENMARK's official trade statistics indicate oilseed meal imports rose to 2.05 million tons in 1981--up 7 percent from 1980 and 69 percent above the 1976 volume, according to the U.S. agricultural counselor in Copenhagen. Meal imports from the United States in 1981, at 244,000 tons, accounted for 12 percent of the total against 18 percent in 1980, but considerably above the 6 percent of 1976.

Major origins of Danish meal imports with recent year comparisons are as follows in 1,000 tons:

	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Soybean Meal						
U.S.	56	50	68	88	224	165
Brazil	168	125	182	143	81	179
Argentina	13	66	63	73	53	110
Other countries	<u>292</u>	<u>322</u>	<u>390</u>	<u>412</u>	<u>488</u>	<u>609</u>
Total	<u>529</u>	<u>563</u>	<u>703</u>	<u>716</u>	<u>846</u>	<u>1063</u>
Cottonseed Meal						
U.S.	14	40	63	110	94	40
Argentina	69	74	140	111	146	55
India	73	72	32	141	60	125
Other countries	<u>278</u>	<u>279</u>	<u>264</u>	<u>247</u>	<u>184</u>	<u>181</u>
Total	<u>434</u>	<u>465</u>	<u>499</u>	<u>609</u>	<u>484</u>	<u>401</u>
Sunflowerseed Meal						
U.S.	0	0	3	2	5	39
Argentina	59	115	180	139	263	166
Other countries	<u>28</u>	<u>22</u>	<u>58</u>	<u>85</u>	<u>37</u>	<u>71</u>
Total	<u>87</u>	<u>137</u>	<u>241</u>	<u>226</u>	<u>305</u>	<u>276</u>
Rapeseed Meal	54	79	93	118	115	153
Other Meals	109	103	119	130	165	156
Total Meals	1,213	1,347	1,655	1,799	1,915	2,049
from U.S.	70	90	134	200	323	244
PERCENT						
from U.S.	5.8	6.7	8.1	11.1	16.9	11.9

Official Danish import statistics show substantially larger meal imports from the United States than indicated by official U.S. export statistics. The difference largely reflects transshipments through Hamburg and Rotterdam, the volumes for which are reported by the U.S. Bureau of Census as exports to West Germany and the Netherlands. Based on actual imports in 1981, Denmark ranked seventh as a world importer of soybean meal. Furthermore, Denmark also ranks high as a market for U.S. oilseed meals. For cottonseed meal, Denmark is the second most important U.S. export market, although Danish imports have declined in recent years.

DAIRY, LIVESTOCK AND POULTRY

For the first time, the SOVIET UNION has released livestock inventory numbers as of Jan. 1, 1982, and production data that provide a breakdown between the socialized and private sectors for 1981. Almost all of the growth in Soviet livestock inventories since 1965 has taken place in the state-controlled sector, which currently accounts for roughly 70 percent of total meat production. After declining, livestock inventories in the private sector have remained fairly stable since 1977.

The report, The USSR in Figures for 1981, shows private sector animal inventories during 1981 increased marginally over 1980 in all categories despite feed shortages and a declining rural population. Privately owned livestock inventories as of Jan. 1, 1982, were 23.3 million cattle, 14.2 million hogs and 30.5 million sheep and goats, representing 20.1 percent, 19.4 percent and 25.9 percent of total Soviet inventory levels, respectively.

Meat production by private individuals during 1981--at 4.7 million tons or 30.9 percent of total Soviet production--was unchanged from the previous year and at the same level as 1975. Egg production, at 22.2 billion pieces, was nearly 2 percent higher than in 1981 but slightly below 1975 levels. Milk production was down 8 percent from 1980 and 10 percent from 1975.

In SPAIN, both pork and beef production are expected to expand in 1982, according to the U.S. agricultural attache in Madrid. Beef production is expected to be up nearly 3 percent to 430,000 tons due largely to higher carcass weights. The heavier weights result from both increased cattle feeding encouraged by higher support prices (up 18 percent for the 1982/83 year) and continued recovery from the 1980 drought.

Pork production is forecast to expand about 5 percent during 1982 to 1.075 million tons as domestic demand is expected to continue strong for this competitively priced meat. The current guaranteed consumer price for pork--at 180 pesetas per kilogram (74 cents per pound)--is less than half the price of beef. As in 1981, the relatively high price of beef could force Spain to export beef to reduce surplus stock. Sheep and goat meat production during 1982 is expected to decline to 135,000 tons partly because of herd rebuilding and low support prices for fed sheep.

COTTON

BRAZIL recently initiated a program to subsidize cotton for export from the southern part of the country. The government receives bids from exporters, which include an f.o.b. price for specific quantities and grades. The government then indicates the amount of the subsidy it will pay exporters for individual bids. Exporters may then accept or reject the offer. A total of 56,000 bales (12,300 tons) was recently approved for export. It is expected that about 185,000 bales (40,000 tons) of southern Brazilian cotton will be exported under this scheme. Reports indicate that initial subsidies were as much as 10 cents per pound. In addition, government stocks of northern cotton are apparently being sold to domestic mills in an effort to make more southern cotton available for export.

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The SOVIET UNION recently published 1981 production of all types of cloth at 11.2 million square meters, 3 percent above the 1980 level of 11.0 million. Soviet production of chemical fibers and thread was reported at 1.3 million tons, an increase of 8 percent from 1980.

PERU has announced that effective Jan. 1, 1983, private traders will be allowed to compete with ENCI, the government export agency, in marketing cotton. Currently, ENCI has exclusive control in this area. As an interim measure, the government has authorized cotton mills to purchase directly from producers, but they are required to pay at least 115 percent of the 1982 price established by ENCI.

TOBACCO

In EGYPT, a public sector cigarette manufacturing company reportedly is currently negotiating with Canadian officials for a medium-term tobacco purchase agreement. The company has reportedly requested a \$200 million credit to purchase Canadian flue-cured tobacco over a 5-year period, (\$40 million per year with a 5-year payback at 3.5 percent interest).

The negotiation follows an earlier announcement by the Ontario Flue-Cured Tobacco Growers' Marketing Board (OFCTGMB) that Egypt had purchased more than 4,000 tons of Ontario flue-cured tobacco for June delivery--Canada's first major sale of tobacco to Egypt.

In the SOVIET UNION, tobacco production (including Makhorka) for 1981 is now estimated at 285,000 tons, compared with 289,000 tons in 1980. The lead article in the Soviet tobacco journal, Tabak, acknowledged that 1981 output fell below the planned level of 327,000 tons. Conflicting claims on the quality of the 1981 crop were reported.

HORTICULTURAL AND TROPICAL PRODUCTS

In the United States, cocoa bean grindings during the second quarter of 1982 totaled 50,649 tons, 10.1 percent greater than the April-June 1981 grind of 46,001 tons, according to the Chocolate Manufacturers Association. Chocolate liquor meltings for the same period amounted to 5,479 tons, up 15.2 percent over a year earlier, while cocoa butter meltings were 8,420 tons, down 10.4 percent from the corresponding 1981 quarter. The Association said that cocoa cake and powder data have been discontinued temporarily because of insufficient information.

Second quarter 1982 cocoa bean grindings in the Netherlands totaled 34,930 tons, up slightly from April-June 1981 grindings of 34,290 tons. However, in the United Kingdom, the second quarter grind fell slightly to 21,079 tons from 21,300 a year ago.

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	July 27, 1982	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWS-13.5%.....	202.50 7/	5.51	+.12
U.S. No. 2 DNS/NS: 14%.....	178.00	4.84	+.01
U.S. No. 2 DHW/HW: 13.5%.....	1/	1/	1/
U.S. No. 2 S.R.W.....	148.00	4.03	+.08
U.S. No. 3 H.A.D.....	171.00	4.65	-.06
Canadian No. 1 A: Durum.....	1/	1/	1/
Feed grains:			
U.S. No. 3 Yellow Corn.....	121.50	3.09	-.01
U.S. No. 2 Sorghum 2/.....	133.00	3.38	-.02
Feed Barley 3/.....	1/	1/	1/
Soybeans:			
U.S. No. 2 Yellow.....	248.50	6.76	+.02
Brazil 47/48% Soya Pellets 4/.....	218.00	--	+5.00 5/
U.S. 44% Soybean Meal (MT)....	212.00	--	+1.00 5/
EC Import Levies			
Wheat 6/.....	107.70	2.93	+.15
Barley.....	102.56	2.23	+.18
Corn.....	97.96	2.49	+.17
Sorghum.....	99.91	2.54	+.17

1/ Not available.

2/ Optional delivery: Argentine Granifero Sorghum.

3/ Optional delivery: Canadian Feed Barley.

4/ Optional delivery: Argentine.

5/ Dollars per metric ton.

6/ Durum has a special levy.

7/ September shipment.

Note: Basis August delivery.

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